

State of Alaska FY2003 Governor's Operating Budget

Department of Natural Resources Recorder's Office/Uniform Commercial Code Component Budget Summary

Component: Recorder's Office/Uniform Commercial Code

Contact: Sharon Young, State Recorder

Tel: (907) 269-8882 **Fax:** (907) 269-8912 **E-mail:** sharony@dnr.state.ak.us

Component Mission

To provide and maintain a secure and impartial place of record for legal documents affecting real and personal property in the manner prescribed by Alaska law and to protect, preserve and enhance the permanent public record for the benefit of present and future generations.

Component Services Provided

The primary public services provided by the Recorder's/UCC component are mandated by statute and include the following:

- (1) examination, recording/filing, processing and return of original documents in the manner prescribed by law;
- (2) provide secure storage and preservation of all recorded/filed documents as the official public record of the State;
- (3) maintenance and updating of accurate and current grantor/grantee and location indices to facilitate ready retrieval of documents from the public record;
- (4) providing record searches and copies of recorded and filed Uniform Commercial Code documents upon user's written request; and
- (5) administration of recording/filing services and maintenance of public libraries of recorded and filed documents in fourteen rural and urban locations, serving 34 recording districts throughout Alaska.

Component Goals and Strategies

Maintenance of an accurate and sound recording system is an essential part of meeting the departmental missions and the Governor's priorities. The component's principal operational goal for FY03 is to provide excellent public service to the fourteen rural and urban communities it serves in the reception, recordation and permanent storage of documents affecting real property in the State of Alaska and in the operation of the Uniform Commercial Code (UCC) central file system for Alaska. The component is fully funded by receipt supported services and routinely generates more than \$1 million in excess of its requisite operating funding annually. The component processes more than 200,000 documents annually. Its workload is volume driven by external factors completely beyond its ability to control. The component's principal goals for FY03 include expansion of an imaging system to all recording offices statewide, and implementation of electronic filing of UCC documents in Alaska.

Key Component Issues for FY2002 – 2003

- 1) Web access to index and documents. Use web search to replace mainframe as primary research tool in all recording offices.
- 2) Implementation of electronic filing of UCC documents.
- 3) Implementation of Uniform Commercial Code Revised Article 9 - HB239.
- 4) Absorb frontline processing for three (3) remaining court facilities.
- 5) Continue expansion of imaging applications to remaining recording offices.
- 6) Implement acceptance of mining claim rental payments in recording offices so as to expedite updating of department's status plats.
- 7) Revamp classification structure to address technological changes affecting staff functions.
- 8) Filming/preservation issues as addressed in Ombudsman's 1992 investigation -including space management and efficiencies for the public. Continue filming of original historic books so that they can be accessioned to State Archives for permanent storage.
- 9) Full compliance with stated performance measures.
- 10) Streamline processes and improve services to the public.
- 11) Conversion of most recent 3-5 years of film to digital format to facilitate customer research and undertake back indexing of documents recorded prior to 1971.
- 12) Continue addressing stakeholder concerns.
- 13) Address national recording standards and improve quality of data.

Major Component Accomplishments in 2001

FY01 was a significant year for the Recorder's/UCC component in terms of progress and accomplishments. By the beginning of FY02, the component had made the following notable achievements: it became the first state in the nation to provide access to its entire statewide recording index database via the Internet; the first state in the nation to scan recorded and filed documents on a statewide basis; the first state in the nation to make images of statewide recorded documents available for public research in its recording offices, and the first state in the nation to offer digital images of recorded documents in CD format on a statewide or district specific basis.

At the beginning of FY01, the component launched an imaging prototype system in its Fairbanks office. This enabled the state's second largest recording office to scan incoming recorded documents and utilize the scanned images to facilitate customer research. The Fairbanks office also became the first recording office in the state to be able to offer a new service to its customers - purchase of digital document images in daily or weekly CD format. The component's central archives unit acquired new equipment to enable it to scan and film documents simultaneously, an objective that was met beginning in July, 2001.

While the Fairbanks office implemented the new scanning processes into its daily operations, the component began working on bar code technology to replace the cumbersome and time consuming manual time and date stamping processes. The first office to work with the new bar code technology was UCC Central, which initiated the new process in July, at the same time the archives unit began scanning documents statewide for all 34 recording districts and UCC Central. By the end of the first quarter of FY02, the state's three largest recording offices had converted to bar code technology, representing a total of seventeen of the 34 recording districts. Remaining districts are being phased in during FY02.

Another significant accomplishment during the year was the implementation of the new UCC legislation beginning in July 2001. This legislation brought massive changes to the UCC filing processes in Alaska, and the component expended a vast amount of time relative to the implementation of the changes, preparation of a regulations package, and education of the public users and staff. The legislation served to streamline the filing process in Alaska and make it more consistent with that in all other states.

Another accomplishment was the completion of the preliminary research and drafting of class specifications and position descriptions for all positions in the component's job class for purposes of a classification study addressing changes in job functions as a result of technological changes. Additionally, the component moved to receipt supported services in FY02 (as a result of passage of HB108) to provide more stable funding for the component and ensure that the fees paid by its users are utilized to fund the program costs in their entirety.

Statutory and Regulatory Authority

STATUTORY/REGULATORY CITATIONS

(and various other statutes under 19 titles that affect recording and filing)

AS 37.05
AS 40.17
AS 44.37
AS 45.29
11 AAC 05, 06

Recorder's Office/Uniform Commercial Code

Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,027.5	2,065.7	2,358.1
72000 Travel	21.8	11.8	15.8
73000 Contractual	289.6	302.3	579.5
74000 Supplies	71.0	47.4	52.4
75000 Equipment	83.4	40.0	40.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,493.3	2,467.2	3,045.8
Funding Sources:			
1005 General Fund/Program Receipts	2,425.9	0.0	0.0
1053 Investment Loss Trust Fund	67.4	0.0	0.0
1156 Receipt Supported Services	0.0	2,467.2	3,045.8
Funding Totals	2,493.3	2,467.2	3,045.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
General Fund Program Receipts	51060	1,561.5	0.0	0.0	0.0	0.0
Receipt Supported Services	51073	0.0	1,600.0	2,048.6	1,380.0	1,380.0
Unrestricted Total		1,561.5	1,600.0	2,048.6	1,380.0	1,380.0
Restricted Revenues						
General Fund Program Receipts	51060	2,425.9	0.0	0.0	0.0	0.0
Receipt Supported Services	51073	0.0	2,467.2	2,467.2	3,045.8	3,045.8
Restricted Total		2,425.9	2,467.2	2,467.2	3,045.8	3,045.8
Total Estimated Revenues		3,987.4	4,067.2	4,515.8	4,425.8	4,425.8

Recorder's Office/Uniform Commercial Code

Proposed Changes in Levels of Service for FY2003

There are four (4) budget related changes to our service level for FY03: (1) absorbing recording functions currently performed in three magistrate offices; (2) addition of one database administrator/IT support person; (3) inclusion of facilities rent in the component operating budget; and (4) inclusion of the implementation of classification of the Recorder series. Additionally we foresee a number of customer service improvements during FY03 that are not directly tied to increment requests. These include providing electronic filing of UCC documents, and allowing mining customers to pay claim rental payments in recording offices. We also hope to expand the internet research capabilities with document images so that customers can access them from off site locations on a 24-hour basis.

Court System Functions

Currently, eleven recording offices are maintained and operated by DNR and three are maintained and operated by the Alaska Court System pursuant to AS 44.37.025(c) which provides that the department, "with the concurrence of the administrative director of courts, may appoint judicial employees to perform services in connection with recording, providing access to, and copying documents in locations where the department has not otherwise designated a public office to perform those functions." The three court offices are located in Seward, Valdez and Glennallen, covering the Seward, Valdez and Chitina recording districts.

Over the years, there have been many workload conflicts between judicial duties and recording duties in these offices. Although the court offices' recording duties are limited to document intake and recording, there are a number of factors that have prompted the Alaska Court System and DNR to reexamine this relationship. For example, the court offices are not always able to consistently follow established recording procedures. Further, due to the priority given to judicial duties, the courts do not always process documents on the same day they are received, a statutory mandate required of all recorders; in the past, this delay has contributed to abandonment of mining claims or other deleterious effects for customers in the court recording districts. Because the court offices do not forward recorded documents to DNR for processing in a timely manner, the component is unable to meet its established missions and measures, specifically the legislative mandate to ensure that documents are input on a daily basis and verified on at least a weekly basis. As a result of these delays, information in these districts does not get indexed in a prompt manner and therefore is not available to the public in the same manner that it is for other recording offices. The court offices also lack public access terminals and customers must resort to computer output microfiche or film records for research purposes. When court employees go on leave, document processing may be delayed.

Clearly this dual agency handling of recording functions and lack of priority attention to recording duties in these three locations results in a lower level of service to customers than is provided in other recording facilities. The court system has indicated it is finding it harder and harder to perform these functions while maintaining its primary court functions. DNR believes that recording must be a core primary function in all office locations in order to serve all customers equally. The Recorder's Office component believes it is now in a position to assume these duties with a minimum of disruption to the public. There are two possible options to consider: (1) change the place of recording for these districts and bring the full processing function into DNR district recording offices in Palmer and in Kenai; or (2) continue to operate outlying offices by furnishing facilities, staff and operating funding. Changing the place of recording would be least costly (requiring the addition of two part-time employees), and is what the increment in the Governor's budget is based on. The Recorder's Office will work closely with the banking and title industries and other affected users to determine the most appropriate approach.

Either processing option would be beneficial for both the public and for recording operations in general. Recording would then be a primary function in the three court districts (rather than a secondary function), and customers with documents to record would be able to get optimal service in a timely manner. Processing procedures would be consistent and updates and changes to procedures would be implemented more efficiently. Technological advancements and improvements to customer service research would be consistent in all offices and customers would have the full benefit of equal services including library equipment, public access databases, and knowledgeable staff located in the district offices. The integrity of the public record is at stake when processing is inconsistently handled in different recording offices. Absorbing the recording functions for these districts would allow the Recorder's Office to fully perform its mission of providing a secure, impartial place of record for all documents affecting real property in Alaska.

Database Administrator/IT Support

The component is seeking one (1) new fee supported position for database support in FY03. With a wide variety of search options and upwards of twenty-five million records posted on its internet search pages, the component can ill

afford to sustain downtime in that phase of its operations. Customer usage of the new research capabilities is continuing to grow and it is important to maintain the web site and explore other features to benefit our customers. To date the component has had to compete with large divisions within the department for limited database support. A full-time database support position will provide an immediate benefit to the component and the public by enabling the component to rapidly meet ongoing database system design and maintenance needs and provide enhancements for the web databases available to the public on a 24 hour basis. This position will also provide the requisite programming to maintain electronic filing services in the UCC Central office.

Facilities Rent

The transition to receipt supported services in FY02 has given the component the ability to ensure that the fees paid by its customers fully fund the component operations including such costs as facilities rent which had been funded in the Department of Administrations (DOA) general fund budget and not previously included in this component's annual operating budget. The component estimates that the FY03 increment for facilities rent will be \$266.2 to cover lease expense in the following locations: Fairbanks, Nome, Bethel, Kenai, Homer, Palmer, Sitka, Juneau and Anchorage. Currently Kodiak and Ketchikan offices are housed in court facilities at no cost to DNR.

Classification of Recorder Series

The Recorder series of classification had not been updated since 1989, at which time only changes in position titles and modification of minimum qualifications were made. No position reallocations resulted from that review. The request for a classification update of the entire series started in May of 2000, primarily due to the fact that the Recorder's Office was experiencing difficulties in recruiting and retention of staff at the current levels. The Recorder's Office worked with the DNR Human Resource staff to have the project completed by July 1, 2001. Initial findings were that range increases were justified when the positions were compared with similar customer service positions like the Permanent Fund Dividend Technicians and Motor Vehicle Service Representatives. In November 2001 DOA verbally approved an increase of at least one salary range for all positions from Recorder I through Recorder Manager. The approved increases were based on such factors as:

- Consequence of error
- Complexity in duties
- Changes in technology
- Changes in UCC and Recording requirements.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	0.0	0.0	2,467.2	2,467.2
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	0.0	0.0	52.4	52.4
Proposed budget increases:				
-Assume Recording Functions from Court Offices in Glennallen, Seward, and Valdez	0.0	0.0	60.0	60.0
-Facilities Rent for the Recorder Offices	0.0	0.0	266.2	266.2
-Database Administrator and Information Technology Support	0.0	0.0	80.0	80.0
-Classification of the Recorder's	0.0	0.0	120.0	120.0

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
Series - State Internal Alignment				
FY2003 Governor	0.0	0.0	3,045.8	3,045.8

Recorder's Office/Uniform Commercial Code

Personal Services Information

Authorized Positions		Personal Services Costs		
	<u>FY2002</u>	<u>FY2003</u>		
	<u>Authorized</u>	<u>Governor</u>		
Full-time	43	44	Annual Salaries	1,742,403
Part-time	5	7	COLA	40,710
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	716,147
			<i>Less 5.65% Vacancy Factor</i>	(141,160)
			Lump Sum Premium Pay	0
Totals	48	51	Total Personal Services	2,358,100

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	0	0	1
Analyst/Programmer IV	1	0	0	0	1
Recorder I	2	1	1	5	9
Recorder II	11	5	1	8	25
Recorder III	0	0	1	3	4
Recorder IV	1	1	0	0	2
Recorder Mgr	2	0	1	0	3
Recorder Technician	4	0	0	0	4
Recorder Technician Supervisor	1	0	0	0	1
State Recorder	1	0	0	0	1
Totals	24	7	4	16	51